POWER

Gas grills put fire back in barbecue market

By John Sinisi

NATIONAL REPORT — Upscale gas grills are becoming popular home center items in a barbecue market that is not as hot as it was in 1989.

Recent statistics released by the Barbecue Industry Association (BIA) put sales of grills for 1989 at some 12.8 million units, slightly off 1988's record-breaking 13.1 million-unit level.

These figures also show that gas barbecue sales are growing steadily, and at a more stable rate than charcoal or electric models.

Retailers in some parts of the U.S. find the BIA numbers reflect their own experience with the category.

"We're having an exceptionally good year [with barbecues]," says Bill Crayton, vp-merchandising services for the Seattle-based Ernst Home & Nursery chain. He notes that his sales ratio of gas to charcoal is 10 to 1 this year.

"We started off with around 75 grills per store and we've reordered several times already," says the buyer for the 73-unit retailer.

Bradenton, Fla.-based Crowder Brothers Hardware combined a shift to upscale gas grill inventory with some effective merchandising to improve grill sales this year.

The ten-unit chain, an HWI member, stocked mostly charcoal grills until this year, and sales had been so low that L&G buyer Ronnie Crowder used to buy charcoal units one at a time out of HWI's Columbia, S.C., distribution center.

But since then Crowder has stepped up displays of higher-end gas grills, leading with a front-end display of a $75 Charmglow pedestal grill, and holding cookout demos in the center of the department with the Ducane Model 2002, which retails for about $500.

More profit

"That display has yielded us some impulse sales," says Crowder, adding that he's ordered some 60 of the Ducanes and is close to selling completely through them.

The good news for retailers is that these upscale gas grills yield higher margins.

"We make more profit dollars off the sale of one Weber Genesis grill than off of four or five less expensive models," says Chuck Wobensmith, vp-sales and marketing for Springfield, R.I.-based independent Douglas Lumber.

This year, Douglas has been enjoying relatively good turns from Ducane's top-of-the-line Southfork model and the Weber Genesis, both in the $500-$700 retail range. And with the margins these type of units have been yielding, the store has the incentive to provide pre-assembly and direct delivery, two features that attract customers all the more.

Because the margin on upscale grills is relatively the same as for mid-priced gas models, grill makers like Sunbeam Leisure Products are not displeased with the trend.

"Low-priced grills aren't profitable for anyone, so any shift toward a higher-end line means both manufacturers and retailers are better off, both from a margin and sales dollars standpoint," says vp-marketing Robert Johnson.

Overall sales so-so

Despite the success in some quarters with upscale gas grills, barbecue sales as a whole are bringing mixed results, due mostly to extreme weather conditions in most parts of the country.

"It's been a tough season in the Northeast and the southern tier of the Midwest because of floods," explains Ace Hardware L&G merchandise manager Jimmy Alexander. "And in the upper Midwest, a late spring has held back big sales."

In 1989, New York City-based Gracious Home had an amazing pre-season run on charcoal and gas grills, so good that by May, vp-general manager Robert Battista had exhausted his winter shipment of barbecues for the first time in 12 years.

But as of this June, Battista retains most of his winter 1989 order. "The rain in New York this spring really hurt our grill sales," Battista says, noting that gas grills in his two stores are selling relatively better than charcoal models.

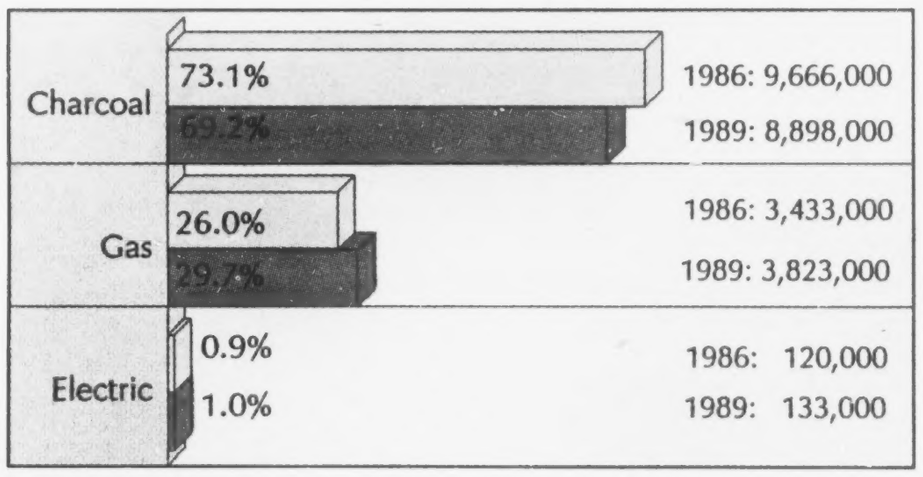
"The big turning point up here is that landlords are starting to allow gas grills on terraces," says Battista. As well, he observes that people in his neighborhood don't want to wait more than "10 New York minutes" for their hamburgers to cook, like the instant gratification that the gas grills afford.

Charcoal grills maintain their popularity in hardcore barbecue regions like the deep South, where Bill Travis of Travis Home Center in Beaumont, Texas, doesn't know or care about what a gas grill is.

"We sell the 'Brand X' 55-gallon barrel smoke cookers for less than $20, and we throw the grill and a free bag of charcoal in," says Travis, who is unimpressed by anything the rest of the barbecue industry has to offer. ◆

A gas grill and smoker comprise an endcap display at Builders Emporium in Chino Hills, Calif. NHCN photo

Sales of Barbecue Grills in Units



Source: Barbecue Industry Association — *NHCN* Chart

Although charcoal grills are still the leading type of barbecue sold, gas models are increasing steadily in popularity.

British chain employs Gardenstore to manage L&G

By an NHCN staff editor

WELLINGBOROUGH, England — Maintaining a profitable lawn and garden department can be a retailer's nightmare, but British dealer Texas Homecare may have found a solution.

Earlier this year, the 214-unit chain teamed up with a specialty lawn and garden retailer, Gardenstore, to merchandise and service the department. In this way it hopes to capture a bigger piece of Britain's £2 billion gardening market.

The joint venture opened its first center in the Texas store in Abbingdon, England, on April 14 and its second in Glasgow, Scotland, June 29.

"The added expertise of Gardenstore's management team, combined with our distribution, can only benefit both parties," said Ron Trenter, deputy chairman and managing director of Texas Homecare, at a retail conference hosted by Verdict Research in London.

"As the industry moves away from being 'Jack of All Trades' to 'Masters of Several,' I believe we will see more partnerships of this kind developing," he said.

The partnership is helped by Gardenstore's understanding of both businesses, as its two founders and others on its management team are former home center executives.

Space, customers differ

Texas Homecare declined to comment on the venture as it was still in its early stages.

However, 11 more conversions are planned by year-end, and if successful the concept will be rolled out to remaining units beginning in 1991.

The companies share the costs and profits evenly.

The new partnership will give Texas a chance to address some of the major problems home centers have in running these departments—plant quality, staffing and training.

The 18-unit Gardenstore sees two major challenges in converting the Texas departments to its format. First, it has to work with a space one-tenth the size of its usual outlet. Second, it is selling to a customer whose prime purpose is shopping for DIY items rather than garden products.

"We'll merchandise it more colorfully to attract attention quickly as it is an impulse item," said Malcolm Parkinson, chairman and joint managing director of Gardenstore, based in Southampton, England. (Parkinson was formerly marketing director at B&Q, Britain's largest home center chain.)

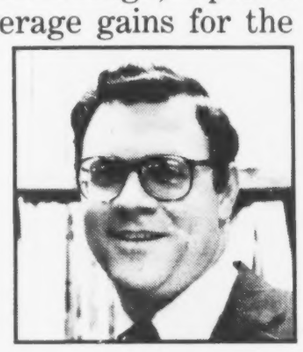
Part of the Gardenstore concept, which combines lawn and garden with outside projects, is to sell only name brand products. Texas has therefore removed all its private label products—a major compromise for the chain which generates 50 percent of its volume from its own brand. ◆

business watch

East North Central: *Building material sales to mend*

By Richard Mount
Special to NHCN

The East North Central states' economy, which currently has slipped to about the national average, is posed to enjoy above average gains for the remainder of this year and next. The current political transitions in East Europe will benefit this region more than most as the impending national economic recovery will be export-led. Specifically, the rebuilding of Europe will require an infusion of capital goods and consumer durables, the strength of the East North Central Region.



Richard E. Mount

In addition, the domestic automobile market has been soft in recent years. But, the average of cars in-use is at an all-time high, and consumers' financial health has improved. Over the last nine months incomes have been growing faster than spending, leading to a rise in pent-up demand. While forecasting auto sales is as difficult as housing starts, it appears that 1991 models will receive a warmer reception than their 1990 counterparts.

For building material sales, the improvements in local economy and consumer incomes will benefit housing and building material retail sales in particular. This year, we expect sales in the East North Central to increase about 7.2 percent, well above the 5.4 percent national average.

Resales have posted increases over the last three quarters, suggesting gains in building material sales through the end of the year. Resales in the first quarter of 1990 were up 12.3 percent from their recent trough.

While new housing markets are contracting nationwide, the weakness in the East North Central has been mild. In 1989, total residential permits were down only 3.1 percent, while the national average was off 8.1 percent.

Employment gains are slightly below the national average due to weakness in manufacturing, especially autos. As exports, auto production and capital spending increase this year and next, the region will rebound. One potential area of softness will be finance. While the region is enjoying gains in finance above the national average, its banking industry is contracting.

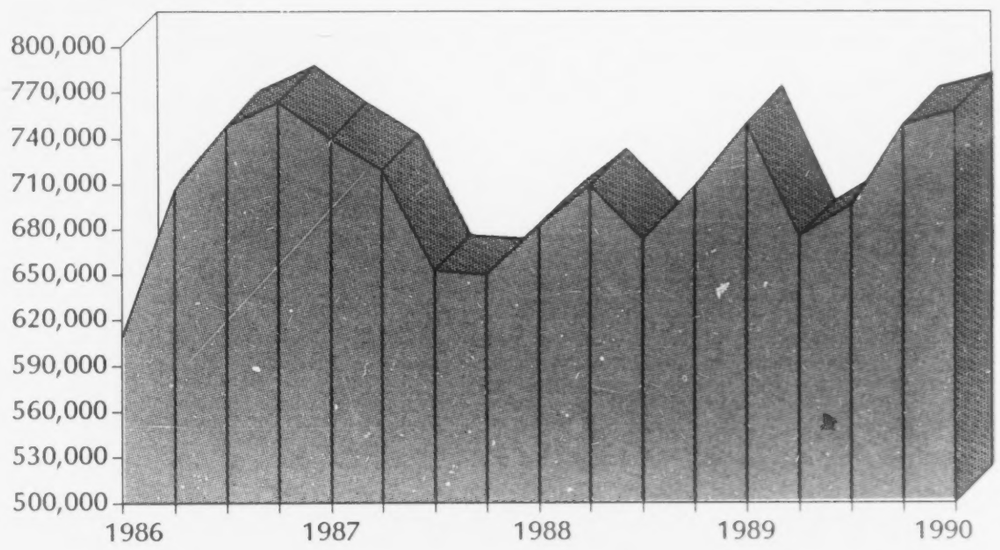
Population and household incomes are rather unique in this region. Most regions show major differences from the national average, but not the East North Central. Both population distribution and household growth rates are below those of many other regions.

The East North Central states will enjoy above average growth in building material sales this year and next. In the near term, strength in resales and below average weakness in new construction will accelerate, boosting incomes in the area. ◆

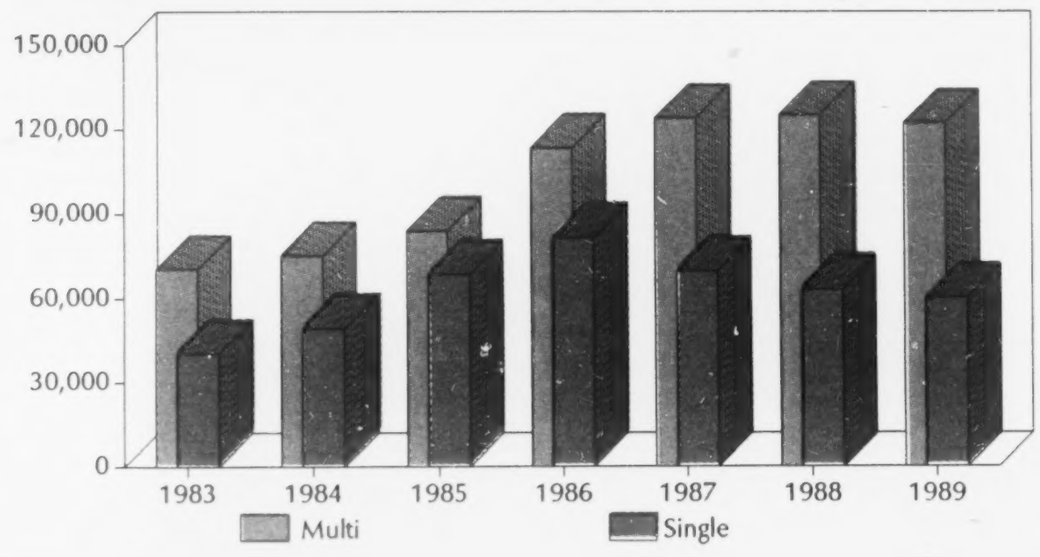
Richard Mount is president and chief economist with Mount Economic Consulting

market momentum

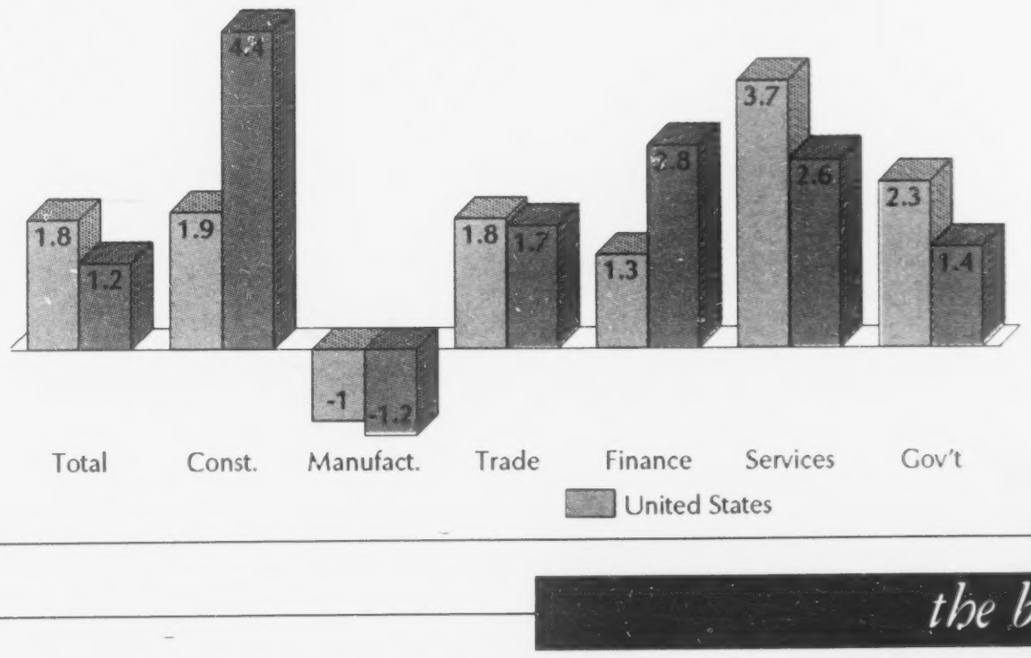
East North Central Resales (SAAR)



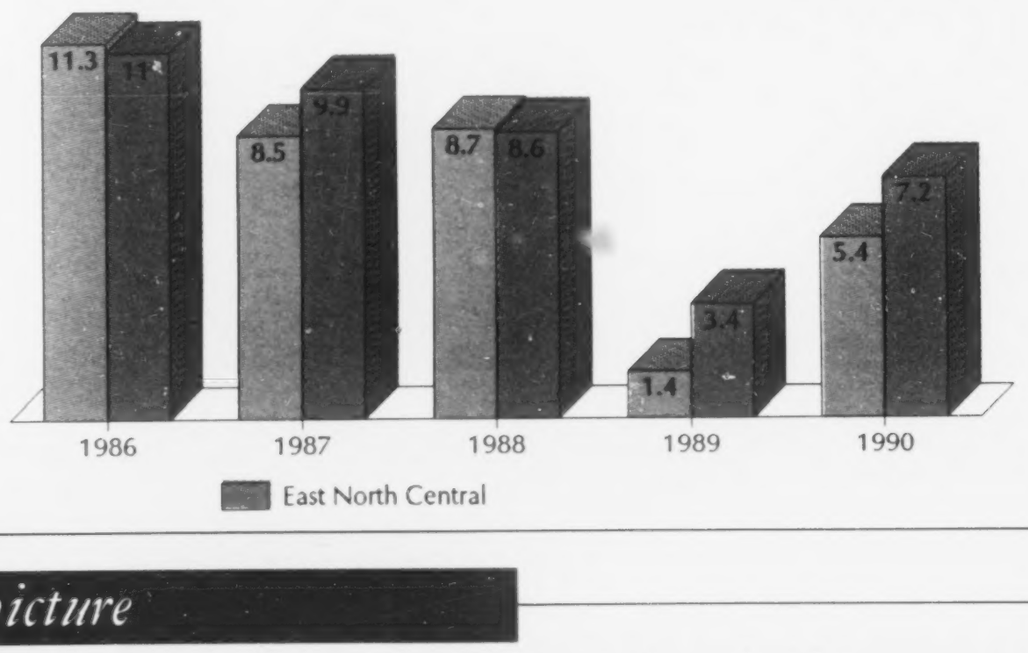
East North Central Residential Permits



Employment Percent Change

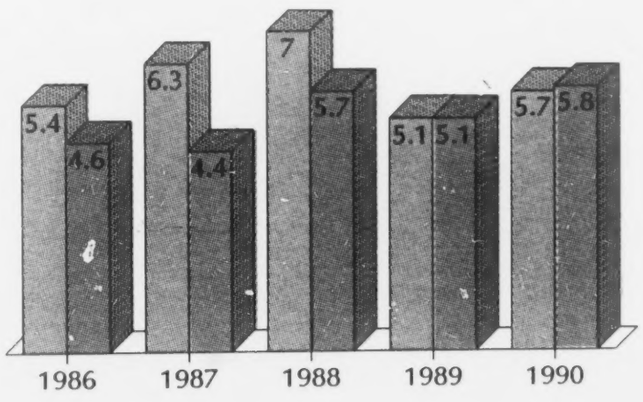


Building Material Sales Percent Change

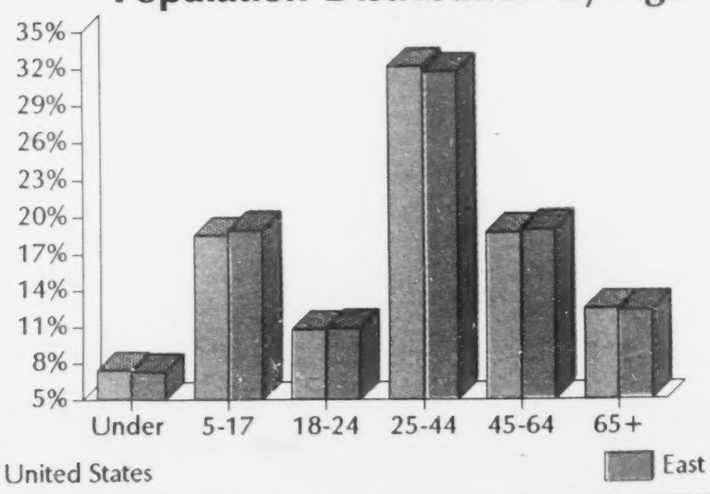


the bigger picture

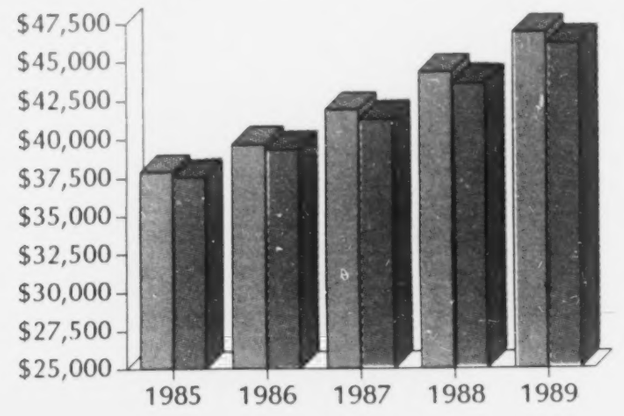
Total Retail Sales Percent Change



Population Distribution by Age



Average Household Income



Data for all charts: Dept. of Commerce / Bureau of Labor Statistics / National Association of Realtors / Dept. of Housing and Urban Development SAAR = Seasonally Adjusted Annual Rate / p = projection / *NHCN* Charts

Moore-Handley sees recovery from slump

BIRMINGHAM, Ala. — Moore-Handley is recovering from a two-year slump, as the wholesaler enjoyed its largest quarterly sales increase and its first profitable quarter in two years.

Moore-Handley posted net income of $111,000, or 5 cents per share, for the first quarter of 1990 as compared to a loss of $162,000 for the previous year. Sales as of April were $29,039,000, up 24 percent.

William Riley, Moore-Handley's chairman, said this was the third successive quarter of improvement.

Home Depot announces fund drive

ATLANTA — To fund its ambitious growth over the next few years, the Home Depot announced last month it will seek to raise $200 million.

The public offering involves the retailer's 6 percent subordinated notes, which are convertible into common stock at a price of $48.17 per share. The price reflects Home Depot's recent three-for-two stock split.

First Boston and Invemed Associates are co-underwriting the offering, and have an option to purchase up to $30 million in notes to cover over-allotments.

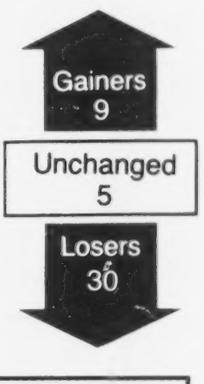
Home centers hit snag on Wall Street

It was a rough two weeks on Wall Street for home improvement-related companies, as many saw their stock prices tumble during the period that ended July 6.

Thirty of the 44 companies tracked for *NHCN* by Media General experienced a decline. The biggest drop was seen in DeSoto, the paint company that is in the process of selling off its businesses, with the strongest suitor appearing to be Sherwin-Williams Co., whose stock price, coincidentally, rose by 50 cents to close at $39.13.

One of the winners among manufacturers was Newell Cos., the conglomerate which announced last week that it had purchased VSI Fasteners (*see page 6*). Newell's stock price jumped by $2.25 during this period to $32.88 per share.

On the retail side, Lowe's Cos. took the biggest hit— a $3.25 per share decline to $45.13. Indeed, this was a particularly down stretch for all the publicly held dealers, as Hechinger and Home Depot also saw declines.



National Home Center News

HOME CENTER MARKET SUMMARY

Covering The Period 06/22/90 - 07/06/90

Company (Exchange)	Symbol	STOCK PRICE High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	VOLUME Total Volume This Period	% Shrs. Outstanding	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	EARNINGS/SHARE Last Fiscal Year	Latest 12 Months vs Preceding 12 Months Change Amt.		Change Pct	5-Year Annual Growth Rate	Profit Margin	P/E Latest P/E Ratio	DIVIDENDS Indicated Dvd. Rate Amt.	Yield	Last X-Dvd. Date	FINANCIAL POSITION Last Fiscal Year Revenue	Earnings	Current Ratio	Last Fiscal Year (Per Share) Long Term Debt	Common Stock Equity	Last Balance Sheet Date
-	-	$	$	$	$	%	$	$	(100)	%	(100)	(100)	$	$		%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$	-
Retailers																												
Gen Bldg Prods (O)	GBLD	1.75	1.25	1.25	.00	.00	3.75	1.25	6	.02	22	1	-.84	-.78	F	NE	NC	-4.0	NE	.00	.0	00-00-00	81.8	-3.3	4.0	5.86	3.17	1189
Grossman's Inc (O)	GROS	6.25	5.63	6.06	.06	1.04	8.88	3.75	18,359	7.03	1,743	2,040	.67	.17	Q	29.8	NC	1.7	8.2	.00	.0	00-00-00	1052.1	17.6	1.8	3.36	4.48	1289
Hechinger A (O)	HECHA	13.13	12.25	12.38	-.50	-3.88	19.75	10.75	3,963	1.94	1,041	440	NA	NA		NA	NA	NA	NA	.16	1.3	04-30-90	NA	NA	NA	NA	NA	NA
Hechinger B (O)	HECHB	12.75	12.00	12.00	-.75	-5.88	19.75	11.00	196	.05	54	22	.88	-.37	Q	-29.1	6	2.5	13.3	.06	.5	04-30-90	1229.6	31.0	2.6	4.63	11.00	0190
Home Depot (N)	HD	39.59	37.34	39.25	-.59	-1.49	42.03	17.94	39,550	3.44	3,632	4,394	.95	.33	Q	45.8	53	4.1	37.4	.12	.3	07-16-90	2758.5	112.0	1.9	2.63	4.45	0190
K mart Cp (N)	KM	35.88	34.75	35.00	-.38	-1.06	44.88	32.13	29,672	1.49	5,771	3,297	1.61	-2.23	Q	-57.6	3	1.1	21.3	1.72	4.9	05-11-90	29533.0	323.0	1.8	.01	.02	0190
Lowe's Cos (N)	LOW	49.50	44.00	45.13	-3.25	-6.72	49.63	25.00	13,922	3.74	1,151	1,547	2.01	.38	Q	20.8	5	2.8	20.4	.52	1.2	07-11-90	2650.5	74.9	2.0	5.12	15.80	0189
NHD Stores (O)	NHDI	4.06	4.00	4.00	-.06	-1.54	9.25	3.75	148	1.13	32	16	.13	-.61	Q	-81.3	-16	.4	28.6	.00	.0	09-16-86	55.3	.2	2.4	4.87	7.39	0190
Natl Lumber (O)	NTLQE	.50	.44	.44	.00	.00	2.50	.13	358	.63	61	40	-.82	-.58	N	NE	NC	-3.0	NE	.00	.0	00-00-00	152.0	-4.6	1.2	.21	2.86	0189
Sears, Roebuck (N)	S	36.88	35.88	36.13	-.13	-.34	47.25	34.75	47,229	1.38	6,215	5,248	4.30	1.21	Q	45.3	-1	2.8	9.3	2.00	5.5	05-25-90	53793.9	1508.5	1.8	29.30	39.77	1289
Std Brd Pnt (N)	SBP	12.75	12.38	12.38	-.13	-1.00	18.00	11.50	764	1.33	107	85	.36	-.53	Q	-100.0	NC	1.2	NE	.00	.0	08-11-87	314.0	3.7	2.8	28.85	6.65	0189
Strober Organiz (O)	STRB	2.25	2.00	2.00	-.25	-11.11	6.50	2.00	372	.61	47	41	-.21	-.97	Q	-100.0	NC	-1.0	NE	.00	.0	00-00-00	127.7	-1.3	3.4	2.79	4.75	1289
Wolohan Lumber (O)	WLHN	19.00	17.75	18.00	-.25	-1.37	19.53	14.75	666	1.03	131	74	1.72	-.03	Q	-1.7	34	4.1	10.4	.28	1.6	05-25-90	272.1	11.1	3.3	4.03	9.64	1289
Wholesalers																												
Hughes Supply (N)	HUG	15.63	15.13	15.13	-.38	-2.42	21.88	14.50	164	.36	76	18	1.33	-.68	Q	-34.5	3	1.2	11.7	.36	2.4	07-30-90	529.9	6.4	3.0	16.30	18.25	0190
Manufacturers																												
Am Consumer (O)	ACPI	7.00	6.75	6.75	-.25	-3.57	9.00	6.38	676	2.64	46	75	.76	.07	Q	9.9	42	2.3	8.7	.00	.0	06-08-88	87.8	2.0	5.1	9.62	6.10	1289
Am Woodmark (O)	AMWD	6.00	5.38	5.38	-.38	-6.52	13.75	5.38	296	.42	54	33	.09	-.91	F	-91.0	-17	.4	59.7	.00	.0	05-24-88	154.0	.6	2.3	3.65	5.41	0489
Armstrng Wrld (N)	ACK	37.00	34.25	35.38	.00	.00	50.88	31.75	8,561	2.03	1,651	951	3.44	.41	Q	11.8	14	6.6	9.1	1.16	3.3	05-07-90	2512.5	165.9	1.8	4.29	16.72	1289
Black & Decker (N)	BDK	16.13	15.38	15.63	-.13	-.79	24.88	12.63	18,114	3.06	2,706	2,013	.51	-2.04	Q	-100.0	NC	.9	NE	.40	2.6	06-11-90	3190.3	30.0	1.3	44.64	12.23	0989
Boise Cascade (N)	BCC	35.50	33.38	34.38	-.88	-2.48	48.00	33.38	12,265	3.23	1,230	1,363	6.19	-1.37	Q	-20.7	36	6.2	6.6	1.52	4.4	06-11-90	4338.0	267.6	1.4	38.34	32.56	1289
Catalina Lghtg (A)	LTG	10.50	10.00	10.00	-.63	-5.88	14.13	5.75	867	1.69	221	96	.63	.14	S	25.9	NC	4.8	14.7	.00	.0	00-00-00	54.6	2.6	1.8	.24	4.58	0989
Champ Intl (N)	CHA	30.88	30.13	30.75	.00	.00	37.75	26.25	16,145	1.69	2,917	1,794	4.56	-.87	Q	-17.7	NC	8.4	7.6	1.10	3.6	06-11-90	5163.2	432.4	1.3	21.78	38.60	1289
Cooper Indus (N)	CBE	43.38	41.13	43.25	.38	.87	47.00	31.25	17,873	1.64	2,238	1,986	2.51	.31	Q	13.7	17	5.2	16.8	1.08	2.5	06-08-90	5129.4	267.8	1.6	16.82	24.75	1289
DeSoto Inc (N)	DSO	42.13	38.25	38.25	-3.75	-8.93	48.38	28.00	2,574	6.33	435	286	-2.53	-2.95	Q	-100.0	NC	-2.5	NE	.40	1.0	06-21-90	408.2	-10.2	1.3	12.30	21.21	1289
Georgia Pacific (N)	GP	43.63	41.00	43.63	2.38	5.76	62.00	38.88	15,492	1.79	2,550	1,721	7.42	1.56	Q	28.9	45	6.5	6.3	1.60	3.7	05-14-90	10171.0	661.0	2.0	27.00	31.40	1289
La Pacific (N)	LPX	39.63	36.88	37.63	-1.00	-2.59	45.25	33.75	5,544	1.44	1,067	616	5.04	1.06	Q	27.4	45	9.6	7.6	1.00	2.7	05-15-90	2009.5	192.6	3.6	13.93	30.95	1289
Macmillan Bloedel (O)	MMBLF	15.63	15.13	15.50	.25	1.64	18.13	13.50	1,614	.16	410	179	1.96	-.85	Q	-34.6	NC	7.5	9.6	.80	5.2	08-20-90	2826.8	213.0	11.7	1.45	10.86	1288
Manville Cp (N)	MVL	7.00	6.50	6.75	-.25	-3.57	10.50	6.13	2,172	.45	497	241	1.48	1.60	Q	NE	NC	9.0	4.8	.00	.0	00-00-00	2191.9	196.8	1.5	16.77	9.87	1289
Masco Corp (N)	MAS	24.88	24.13	24.13	-.63	-2.53	30.50	23.50	20,803	1.35	3,032	2,311	1.42	-.63	Q	-31.5	7	7.0	17.6	.52	2.2	04-06-90	3150.5	220.9	2.6	7.41	11.94	1289
Mor-Flo Inds (O)	MORF	5.75	4.75	4.75	-.25	-5.00	6.50	4.25	155	.61	11	17	-3.56	-1.80	Q	NE	NC	-4.2	NE	.01	.2	12-13-89	212.7	-9.0	2.0	16.50	10.05	1289
Newell Co (N)	NWL	33.00	29.63	32.88	2.25	7.35	33.00	18.25	9,898	1.68	1,128	1,100	1.41	.42	Q	36.2	28	7.6	20.8	.50	1.5	05-15-90	1122.9	85.4	1.6	1.70	7.61	1289
Nortek Inc (N)	NTK	3.75	3.25	3.25	-.25	-7.14	9.25	2.75	1,090	.78	213	121	-2.08	-2.53	Q	-100.0	NC	-2.6	NE	.10	3.1	06-29-90	1080.2	-28.5	3.0	28.78	15.65	1289
Owens Corn (N)	OCF	23.63	21.88	22.00	-1.50	-6.38	36.88	20.50	7,540	1.79	1,039	838	4.08	-.82	Q	-16.8	NC	5.7	5.4	.00	.0	00-00-00	3000.0	172.0	1.0	29.76	-10.78	1289
Ply-Gem (A)	PGI	8.13	7.25	7.38	-.63	-7.81	14.13	7.13	868	.83	177	96	.90	-.77	Q	-58.8	4	2.0	13.7	.12	1.6	05-11-90	506.8	10.1	3.6	13.74	10.26	1289
Pope & Talbot (N)	POP	25.25	23.63	24.38	-.88	-3.47	29.75	23.00	1,755	1.49	252	195	3.70	1.03	Q	36.7	NC	7.0	6.3	.72	3.0	04-24-90	618.8	43.6	1.9	5.73	16.91	1289
Potlatch Cp (N)	PCH	42.75	39.13	39.75	-3.00	-7.02	44.50	32.00	3,072	1.07	412	341	4.79	.38	Q	8.7	33	11.1	8.3	1.20	3.0	05-15-90	1227.6	136.7	2.7	15.89	28.74	1289
PPG Inds (N)	PPG	49.63	45.50	47.63	.00	.00	50.88	37.00	24,270	2.23	1,657	2,697	4.18	-.15	Q	-3.5	16	8.1	11.4	1.68	3.5	05-04-90	5734.1	465.2	1.5	10.82	20.98	1289
Rep Gypsum (N)	RGC	3.88	3.38	3.88	.38	10.71	5.47	3.38	314	.30	54	35	.23	-.10	N	-43.5	-32	5.0	29.8	.00	.0	05-24-90	48.1	2.4	3.6	.86	3.04	0689
Sherwin-Wms (N)	SHW	40.25	38.50	39.13	.50	1.29	40.25	29.63	5,339	1.24	881	593	2.52	.24	Q	10.4	11	5.1	15.3	.76	1.9	05-21-90	2123.5	108.9	2.0	2.43	15.48	1289
Stanley Works (N)	SWK	35.38	33.50	34.25	.38	1.11	40.00	32.00	3,426	.78	633	381	2.71	.19	Q	7.7	9	6.0	12.8	1.08	3.2	06-05-90	1971.5	117.7	2.7	9.68	15.67	1289
Thos Inds (N)	TII	17.88	16.75	16.75	-.63	-3.60	20.88	16.75	273	.27	67	30	2.02	.13	Q	7.7	6	4.7	9.3	.76	4.5	05-25-90	436.6	20.6	2.4	11.47	13.59	1289
Union Camp (N)	UCC	36.50	34.88	36.25	.50	1.40	41.38	33.25	11,359	1.65	1,612	1,262	4.35	-.29	Q	-6.5	22	10.8	8.7	1.56	4.3	08-28-90	2761.3	299.4	2.0	10.06	25.49	1289
USG (N)	USG	4.13	3.50	3.63	-.25	-6.45	5.63	2.88	3,715	.69	985	413	.51	-1.06	Q	-63.9	NC	1.3	6.0	.00	.0	00-00-00	2191.0	28.0	.9	41.75	-26.55	1289
Waxman Inds (N)	WAX	6.63	6.00	6.13	-.13	-2.00	11.00	5.50	392	.39	125	44	.80	.04	N	5.2	31	3.0	7.6	.12	2.0	06-04-90	241.4	7.3	2.5	21.17	2.94	0689
Weyerhaeuser (N)	WY	26.00	25.13	25.25	-.13	-.49	32.75	23.13	15,938	.78	3,648	1,771	1.56	-1.37	Q	-48.2	16	3.4	17.2	1.20	4.8	04-30-90	10105.6	341.1	1.4	18.21	20.26	1289

All Data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

Environmental concerns impact dealers

(Continued from page 3)
ington to pay off its debt without regard for either the environment or wildlife.

After an initial response that a number of dealers saw as feeble, Plum Creek, which owns more "old growth" timber than other firms in the northwest, made public its extensive rebuttal to the *Journal* article. Nevertheless, the company was barraged with calls from its customers.

"Retailers were calling to see if it was true," said Robert E. Manne, vp-marketing and vp of the Cascade (Wash.) region of Plum Creek. "They said 'Give us information to alleviate the concerns' of management. We've done that and basically it's calming down," Manne said.

Since the *Journal* article appeared June 18, Plum Creek has supplied some 500 lumber customers, 150 plywood customers and 120 fiberboard customers with information about what it is doing and why. However, the company's public relations handling of this matter is still being criticized in some quarters, even among those dealers who have received the latest information.

Plum Creek's timber management techniques, explains Manne, are relatively new, geared toward both the esthetics of harvesting as well as the environment. But new practices, such as more selective cutting and increased environmental and esthetic buffer zones, cost Plum Creek more money that is generally not passed along to dealers.

Plum Creek is a limited partnership spinoff of Burlington Northern railroad. Prior to 1984 the company's 1.4 million acres of trees were used by the railroad for its use with virtually no attention to management, Manne said. Thus, when the timber company took over, it had to bring the land into current timber management compliance.

In contrast, forest products firms such as Weyerhaeuser and G-P began their forest management plans more than 20 years ago, said Manne. ◆

Wickes Lumber sells 32 Southeast units

(Continued from page 1)
stores as well as three Southeastern truss and door plants and two equipment repair facilities.

In May, Wickes closed two regional offices and consolidated some field functions. (*NHCN*, June 18).

Miron, in a prepared statement released by Wickes, said: "The new company will be a leading building products supplier in the Southeast . . . We're building a substantial presence in these markets because of the volume of construction currently underway—and forecast—in the Southeast."

Miron's statement said the new, unnamed chain will "concentrate on serving the professional contractor and on attracting commercial and light industrial customers" with millwork, kitchen cabinets, doors, windows and components such as trusses.

The purchase agreement allows the new entity to use the Wickes name for a period of up to six months, Hensler confirmed.

Miron, 51, elaborated during the phone interview that he was introduced to Solomon through the investment firm Smith Barney. He explained he was restricted contractually to divulge any of the terms of the Wickes purchase. "I want to emphasize, however, that this is not a heavily leveraged deal and has excellent equity."

He added that he felt Wickes' managers and employees were "first rate" and that he didn't anticipate any major changes in the stores' operations. "We will be going more heavily after the builder and remodeler trade, though," he said.

Solomon previously had been vice chairman and head of investment banking at Shearson Lehman Hutton. He left in March 1989, and, according to Miron, has consulted with a number of retail companies. Solomon and his partner, Donald Glickman, will sit on the new company's board of directors. ◆

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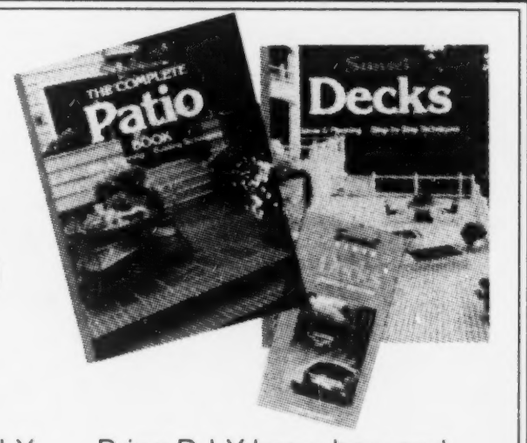

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Rickel abandons HōM, names new president

Chairman out; Chain returns to roots

By Tim O'Malley

SOUTH PLAINFIELD, N.J. — In another apparent strategic shift for Rickel, chairman and ceo Moshe Meidar, who developed the HoM concept unveiled this spring, was replaced last month by a 25-year veteran of Rickel's parent company.

The parent, Supermarkets General Corp., also terminated as many as 20 workers at the corporate office here, including buyers and their assistants, and merchandise managers Bob Segal and Bob Leavitt, who were hired last fall to work on HoM.

And while the company denies it, reliable sources say Rickel plans to close 20 of its 50 stores, which would be in addition to the eight store closings previously planned for this year, four of which have already taken place.

Jules Borshadel, who most recently served as vp-planning and administration for the Pathmark Supermarket division, was appointed Rickel president shortly af-

(Continued on page 218)

Photo courtesy Rickel

New Rickel president Jules Borshadel

Retailers confident despite economy

By John Sinisi

NATIONAL REPORT—Signs of a slowing economy are everywhere, and home improvement retailers expect to see more of the same into 1991.

But they have yet to push the panic button. They do not regard the coming year as a disaster waiting to happen, because of the lessons they learned during the nationwide recession of the early 1980s.

That crisis taught them to reduce operating costs through more efficient distribution and to concentrate more on DIY retailing to balance against the cyclicality of the housing market. Regardless of whether the U.S. is headed for another classic recession, those solutions are bound to be tested in the months to come.

> Total retail sales and building material sales continue to grow and, today, home centers are more prepared and productive to handle a downturn.

Economists are being cautious in making any general claims about the current economy, but when pressed, they will use the phrase "sluggish growth," and regard the situation in California (*see story, p. 14*) as the median.

Still, recent economic reports allude to the U.S. as being "near recession:"

- The NAHB says that housing starts as of June reflect the lowest rate of new construction in the past eight years;
- Reports from economists speculate that five states are in a recession, with eleven teetering close to the edge;

(Continued on page 216)

Products display 'environment O.K.'

By Elizabeth Brent

NATIONAL REPORT— "Seals of Approval" declaring products to be environmentally sound will appear on retail shelves this month for the first time.

These elite products will be carried by Fred Meyer, the 125-store Northwest chain. The merchandise will be stamped with a green cross and a brief explanation as to why it is environmentally sound.

The mass retailer, together with three food retailers, is pioneering a movement to establish national standards using an independent organization, the Green Cross Certification Co., which is a division of a scientific testing laboratory based in Oakland, Calif.

This experiment is already being watched closely by hardware stores and home centers and their vendors.

At present this initiative is dealer-driven, as merchants move to stay in front of the swell of consumer environmental awareness.

To qualify for the green cross, a manufacturer must meet these criteria:

- Demonstrate that both the product and the package are made from at least 50 percent sustainable or recycled materials;
- Have an aggressive solid-waste reduction policy, and
- Meet the no-detectable-residue standard for highly toxic emissions and effluents.

"Its more of a positive rather than a regulatory approach," said Rob Boley, spokesman for Fred Meyer.

"We want to provide our customers with information and alternatives and will give extra rec-

(Continued on page 216)

Southern California dealers cope with 'layed back' growth 14